

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201511030**

Release Date: 3/13/2015

Date: December 16, 2014

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

M= Scholarship Program

N= High School Name

O= Geographic Location

P= University Name

w= Number

x= Number

y= Amount

z= Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g) on June 3, 2014. This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called M.

The purpose of M is to assist graduating seniors at N with the cost of attending a post-secondary college or university.

You publicize the scholarship to all graduating seniors at N located in O, on the high school guidance counselor's bulletin board, through school assemblies, and on the school's website. In addition, the high school guidance counselor makes the scholarship application available to all seniors.

The applicant must be a graduating senior of N located in O, who plans to enroll in a full-time undergraduate course of study at an accredited college or university.

You determine the number of scholarships based on the level of income available each year. Generally, you award between w and x scholarships each year.

You determine the amount of scholarships based on the level of income available each year. Generally, you award scholarships in amounts of \$y to \$z per scholarship.

You are responsible for publicizing the scholarship, making the scholarship application available to the graduating seniors at N, evaluating the applicants, making the final determinations of the ranking of the applicants and the recipients of scholarship awards, determining the number and amount of scholarships to be awarded in each year, notifying the recipients and non-recipients, confirming the enrollment of recipients in the indicated college or university, keeping permanent records of the application process and accounting for all funds, making payments of scholarships directly to the college or university at which the recipient is enrolled, confirming the continued enrollment and good standing of the recipient before each payment, investigating the diversion of any funds from their intended purpose, and taking all reasonable and appropriate steps to recover diverted funds, if any.

Criteria for awarding scholarships include, but are not limited to, department, grades, and financial situation. Should you feel that two or more individuals are equal in consideration, preference will be given to students who wish to attend P.

You may rely upon the advice, assistance, or recommendation of others, such as the faculty and administration at N.

Your application process includes items such as the applicant's activities during high school, his/her career plans, the school he/she plans to attend, a copy of his/her high school transcript, and two letters of recommendation.

If necessary, interviews may be conducted to determine final recipients.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request. The effective date of our approval is June 3, 2014, which is the date your request was submitted.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations